

Not for Profit Reporting

There are new reporting requirements for Public Benefit Entities, which includes all Charities and some Incorporated Societies, for accounting periods commencing on the 1st April 2015.

There are now 4 Tiers of reporting standards based on size and public accountability criteria.

Most of the local Not for Profit (NFP) entities will fit into Tiers 3 and 4, which have no public accountability and annual expenses of less than \$2 million.

All of the Tiers have increased reporting requirements compared to the 2015 prepared financial reports.

Most of the increased disclosures are based on non-financial information, which includes:

- Additional Entity Information, such as the purpose and mission statement
- Statement of Service Performance – non-financial and financial targets
- Cash Flow Reporting
- Additional Disclosures in the Notes

This additional reporting will add a large amount of information about the entity including who they are, why they exist, how its funded, what did they do, when they did it, with outputs measured against budgets, what related parties did it transact with, and details of the transactions. The reporting will also have to include certain revenue and expenses shown together.

The non-financial information could involve some challenges to collate, such as volunteer numbers, so time will need to be allowed for it to be gathered.

Incorporated Societies not registered with the Charities Commission, are currently exempt from being required to apply these new reporting standards. Reasons this exemption will not apply, include if the societies rules/constitution and/or if the funding organisations requires General Purpose Financial Reports to be prepared. We recommend that the rules/constitution of the NFP is reviewed before accounts are prepared to ensure the right information is disclosed. Currently, there is a review of the Incorporated Societies reporting requirements being undertaken which may impact the future reporting requirements.

If you are dealing with any Not for Profit entity and need some advice or guidance please contact your normal McCulloch + Partner advisor.



Land Update

Any land settlements after 1 April 2016, we advise there are a number of changes to the settlement requirements.

These changes were previously outlined in the Property Update flyer. To ensure that there are no delays in the settlement process McCulloch + Partners would like to remind you that the IRD number of the vendors and purchasers will need to be provided. McCulloch + Partners has heard of some transactions being delayed by this requirement. So to avoid stress and potential late settlement issues, the IRD number should be applied for as early as possible. The IRD has advised the processing time for IRD number applications is 8-10 working days.

The main entity that has issues are Trusts, as a large number of these will own the family home and previously had no requirement to have an IRD number. Once an IRD number has been issued, a non-active trust declaration can be filed to enable no tax return to be required each year.